

Digest of a Performance Audit of School Textbooks and Supplies

At the request of the Joint Majority Leadership, we have conducted an audit of school textbooks and supplies. Leadership was concerned because textbooks and instructional supplies are generally represented to be in short supply and, as a result, the Legislature is continually being asked to appropriate additional money for these items. We concluded that there may be a spending crisis in textbooks and supplies within the larger districts. The smaller districts seemed more satisfied. Further, we concluded that public education's reported minimum expenditure regarding district textbook and supply expenditures is not accurate. In addition, the requirement may promote district spending inequities on a per student because of the add-ons to the weighted pupil unit. As a result, meeting the minimum expenditure requirement cannot be used to justify the need for additional textbook and supply money. Finally, we found that the funds given to teachers to help them buy supplies in fiscal years 1994 and 1996 were accounted for appropriately and appear to have been spent according to legislative intent.

In the past, the Legislature has had a concern with the amount of money districts were allocating toward textbooks and supplies. It was suspected that rather than allocating sufficient funds from existing district budgets to meet textbook and supply needs, the educational community was instead asking for additional legislative funding. In an effort to comply with legislative intent, the Utah State Board of Education (USBE) modified the existing required minimum standard for district textbook and supply expenditures to specify that a district must not spend less than 4 percent of its budget derived from the basic program on textbooks and supplies.

In spite of the additional money provided by the Legislature and in spite of the district efforts to spend adequate amounts on textbooks and supplies, public education officials maintain that a textbook and supply shortage still exists.

The following summaries identify the most significant findings and conclusions of the audit:

A Textbook and Supply Crisis May Exist in the Larger Districts. Response to our teacher questionnaire on textbooks and supplies indicates a possible textbook and supply crisis may exist in the larger school districts. The smaller districts appear much more satisfied while the larger districts are significantly more dissatisfied with textbook and supply quantities. However, both large and small districts appear reasonably satisfied with textbook and supply quality. Initially, we expected a high teacher response rate to our questionnaire; however this did not occur. Since the survey response rate was low, we corroborated teacher responses by interviewing school principals. These principals confirmed what the teachers were reporting. It should be noted here that this survey was conducted before the \$9.5 million in supplemental funds for textbooks and supplies had

been spent by the districts. Thus, it is possible that some of this dissatisfaction with textbook and supply quantities will disappear once this money is spent.

Minimum Expenditure Reporting is Not Accurate. The 4 percent minimum expenditure requirement, used by the Utah State Office of Education (USOE) to insure adequate levels of textbook and educational supply expenditures to the Legislature, is not reported accurately. Specifically, we believe that some of the expenditures reported as meeting the minimum expenditure requirement are inappropriate. First, the USOE allows districts to use expenditures from any funding source to meet the minimum expenditure requirement rather than allowing only those funding sources upon which the minimum expenditure requirement is calculated (i.e., the Total Basic School Program). As a result, districts have reported expenditures from teachers' supplemental, federal and school-generated funds to meet the minimum expenditure requirement. Allowing any funding source to be used to meet the minimum expenditure requirement can result in an inconsistent and inappropriate representation of state expenditures for textbooks and supplies. For example, because expenditures from school-generated funds were reported in one district, we found \$27,000 of yearbook expenses counted as educational supplies. In addition, the USOE's broad definition of allowable funding sources permits money from other sources to potentially supplant required expenditures from the mostly state-funded Total Basic School Program. Second, some districts reported expenditures are inappropriate given the definitions established by the USBE. For example, one district reported over \$16,000 of meal expenses as educational supplies. Because data are inappropriately and inconsistently reported, the minimum expenditure criterion does not accurately portray the statewide level of educational supply expenditures by the school districts. In addition to having questionable value, the minimum expenditure requirement may also promote per student spending inequities among the districts because of add-ons to the weighted pupil unit. In our opinion, the USBE and the USOE needs to re-evaluate the required minimum expenditure criterion to make it a meaningful measure.

Teacher Supplemental Supply Funds Were Accounted for Appropriately. We reviewed distribution and accounting practices in 15 of the 40 school districts in the state for the teachers' one-time supplies and materials appropriations available in fiscal years 1994 and 1996. In general, the school districts have accounted for these appropriations adequately. Each district received allocations and was responsible for distributing the funds and monitoring the expenditures. We found that most districts implemented procedures and controls to distribute the funds and review the expenditures, and that teachers generally spent the allocation appropriately on supplies, materials and field trips. However, one large district failed to adequately account for teacher purchases, thus raising questions whether or not purchases were made as the Legislature intended. As a result, we feel more controls are needed to ensure appropriate spending. In our opinion, the districts need more instruction or policy from the USOE regarding procedures for distribution of funding, expenditure review and approval, documentation, and reimbursement. In addition, the USOE needs to follow-up with the districts on their expenditures of supplemental and one-time appropriations to insure compliance with legislative intent.